

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;  
Tony Hammond, Vice Chairman;  
Mark Acton;  
Ruth Y. Goldway; and  
Nanci E. Langley

Periodic Reporting  
(Proposal Nine)

Docket No. RM2015-18

NOTICE OF PROPOSED RULEMAKING ON ANALYTICAL PRINCIPLES  
USED IN PERIODIC REPORTING  
(PROPOSAL NINE)

(Issued August 11, 2015)

I. INTRODUCTION

On August 5, 2015, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting that the Commission initiate an informal rulemaking proceeding to consider changes to analytical principles relating to the Postal Service's periodic reports.<sup>1</sup> Proposal Nine is attached to the Petition and proposes an analytical method change relating to bottom-up costs for new Periodicals Mail Carrier Route bundle and container entry options. Petition at 1.

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<sup>1</sup> Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Nine), August 5, 2015 (Petition).

This Petition was filed in response to Order No. 2472, which directed the Postal Service to “...file a proposed methodology for determining the bottom-up costs for the new Periodicals Mail Carrier Route bundle and container entry options, as described in the body of [Order No. 2472], within 90 days of the date of [Order No. 2472].”<sup>2</sup>

## II. SUMMARY OF PROPOSAL

Under Proposal Nine, the Postal Service asserts that no changes to the methodology used to produce avoided cost estimates for Periodicals Mail Carrier Route bundle and container entry options is necessary and instead proposes changes to the model presentation that explicitly identify the bottom-up costs of processing Carrier Route pallets. Petition, Proposal Nine at 1, 2.

When a mailing has sufficient density to prepare 5-Digit or 5-Digit Scheme pallets, the mailer presorts nearly all of the mail on the pallet into Carrier Route bundles. *Id.* at 1. The Postal Service represents that in Fiscal Year 2014, only one-half of one percent of the periodicals on such pallets were prepared in 5-Digit bundles. *Id.* The Postal Service states that the 5-Digit mail on these pallets generally consists of residual pieces for the few routes that lack sufficient density to qualify for Carrier Route rates. *Id.*

The Postal Service represents that for this reason it processes Carrier Route pallets (5-Digit or 5-Digit Scheme pallets containing only Carrier Route bundles) identically to other 5-Digit pallets. *Id.* at 1-2. The Postal Service explains that all pallets are cross-docked to the delivery unit for distribution of bundles to carriers. *Id.* at 2. The Postal Service states that the Carrier Route pallet rate encourages mailers to prepare Carrier Route pallets and to move any residual 5-Digit bundles to containers that would be distributed in the plant. *Id.* The Postal Service represents this enables it to process the residual 5-Digit bundles on the Automated Flats Sorting Machine 100, rather than via manual processing. *Id.*

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<sup>2</sup> Docket No. R2015-4, Order on Revised Price Adjustments for Standard Mail, Periodicals, and Package Services Products and Related Mail Classification Changes, May 7, 2015, at 63 (Order No. 2472).

According to the Postal Service, because the processing of Carrier Route pallets and other 5-Digit pallets does not differ, it proposes no changes to the methodology used to produce estimates of avoided costs. *Id.* The Postal Service represents that the changes it proposes to the USPS-FY14-11 Periodicals Model in Docket No. ACR2014 explicitly identify the costs avoided. *Id.* Further, the Postal Service states that it has incorporated Modifications 1 and 9, described in Section One of Proposal Seven,<sup>3</sup> into the Periodicals Model filed with the Petition as an Excel spreadsheet. *Id.*

### III. INITIAL COMMISSION ACTION

The Commission establishes Docket No. RM2015-18 for consideration of matters raised by the Petition. Additional information concerning the Petition may be accessed via the Commission's website at <http://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal Nine no later than September 8, 2015. Reply comments are due no later than September 22, 2015. Pursuant to 39 U.S.C. 505, Lawrence Fenster is designated as officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

### IV. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission establishes Docket No. RM2015-18 for consideration of the matters raised by the Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Nine), filed August 5, 2015.
2. Comments are due no later than September 8, 2015. Reply comments are due no later than September 22, 2015.

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<sup>3</sup> Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed

3. Pursuant to 39 U.S.C. 505, the Commission appoints Lawrence Fenster to serve as officer of the Commission (Public Representative) to represent the interests of the general public in this docket.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission

Ruth Ann Abrams  
Acting Secretary